

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2680 - A

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Directs Director of Veterans' Affairs to establish fourth Oregon Veterans' Home in Lebanon.

Government Unit(s) Affected:

Department of Veterans' Affairs

Summary of Expenditure Impact:

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	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium
General Fund			
Lottery Funds		508,601	2,093,963
Other Funds	4,000,000	6,500,000	
Federal Funds			
Total Funds	\$4,000,000	\$7,008,601	\$2,093,963
Positions			
FTE			

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The -2 amendment creates the Lebanon Veterans' Home Construction Fund account in the State Treasury and authorizes the State Treasurer to issue lottery bonds in the amount of \$10.5 million, plus an amount sufficient to cover bond-related issuance costs, and divides the proceeds as follows: \$4 million into the Lebanon Veterans' Home Construction Fund account, and \$6.5 million into the Roseburg Veterans' Home Construction Fund created in 2011, for construction and equipping of a third Veterans' Home, authorized by HB 2578 (2011).

The \$10.5 million was initially approved by the Legislature in 2011 for the Roseburg Veterans' Home. Since then, cost increases at the Lebanon site have resulted in a need for \$4 million in additional local matching funds, which would be ostensibly be funded with a portion of the \$10.5 million in authorized bonds. In the autumn of 2012, the Department of Administrative Services determined through discussions with Oregon Department of Veterans Affairs (ODVA) that it was highly unlikely that ODVA could expend bond proceeds for construction of the Roseburg home prior to 2016. The Legislature could elect to roll over issuance authority for the remaining \$6.5 million for the Roseburg home to a subsequent biennium, saving debt service costs until such time as the facility is actually under construction.

The Department of Administrative Services estimates that if issued in the 2011-13 biennium, the debt service from \$4 million in bond proceeds will be \$508,601 in Lottery Funds (LF) during the 2013-15 biennium. Assuming they are issued in 2013-15, the debt service for the remaining \$6.5 million in bond

proceeds is estimated to be \$2.1 million in LF, during the 2015-17 biennium. Actual cost of debt service may vary depending on date of bond issuance and other factors. This bill has a subsequent referral to the Joint Committee on Ways and Means.